

Release to the Australian Securities Exchange

XTEK receives A\$1m Grant to build Australian Sovereign Industry Capability

Canberra – Monday, 24 June 2019: XTEK Limited (ASX: XTE, 'XTEK', the 'Company') is pleased to announce that it has signed a A\$1m grant agreement from the Centre for Defence Industry Capability (CDIC) for a Sovereign Industrial Capability Priority (SICP) grant, on behalf of the Department of Defence.

Key highlights

- **XTEK has signed a A\$1m Sovereign Industrial Capability Priority (SICP) grant agreement from the Centre for Defence Industry Capability (CDIC), on behalf of the Department of Defence**
- **XTEK to utilise funds from the SICP grant for the establishment of the XTclave™ production facility**
- **The SICP Grant represents recognition from the Department of Defence of the capabilities of XTEK's proprietary ballistic hard armour plates and helmets and supports XTEK's strategy to bring those products to market**

The SICP grant provides funding to support Australian small-to-medium enterprises (SME) in supplying capabilities that are most critical to defence. The SICP grant is focused on accelerating the growth of a robust, resilient Australian SME industrial base capable of providing significant contribution to key defence priorities.

On the back of recent XTEK contracts with the US DoD, foreign customer orders and domestic development contracts, the award of the SICP grant represents validation and recognition from the Australian Department of Defence of XTEK's unique global capabilities in producing ballistic armour products and the importance of establishing the XTclave™ as a sovereign industry capability.

The SICP grant will contribute A\$1m of funds to the total project expenditure to establish the XTclave™ production plant, machinery and other line equipment. This investment will assist XTEK to establish a core manufacturing capability for its combat armour products. Key project activities include planning, design and build for the XTclave™ production plant and line integration. XTEK intends to continue investing further to build its manufacturing capability, skills and expertise in the coming years as operations increase in scale.

The XTclave™ production facility is due to be completed in H2 CY2019. This will provide XTEK with a commercial scale manufacturing capability to deliver products by the end of the year.

Mr Philippe Oduard, Managing Director of XTEK commented:

"We are pleased to be a recipient of the SICP, as it represents validation by the Australian Department of Defence of the advanced capabilities of our XTclave™ technology for producing ballistic protection products. The funding supports the execution of our broader strategy to commercialise our state-of-the-art technology by enhancing our production and testing capability for our proprietary ballistic helmets and armour plates."

Signed for and on behalf of XTEK Limited:



Lawrence A Gardiner
Company Secretary
24 June 2019

About XTEK Limited

XTEK Limited provides high-quality products to deliver tailored solutions to the government, law enforcement, military, space and commercial sectors. XTEK is focused on developing and commercialising its proprietary technologies by leveraging its established distribution network. These technologies include XTclave™ advanced composite solutions and XTatlas™ real time contextual video, which provide unique solutions for western military forces and other government agencies. In addition, the supply and maintenance of Small Unmanned Aerial Systems (SUAS) remains a focus for XTEK.

For more information visit the XTEK website at www.xtek.net

About Sovereign Industrial Capability Priorities

The priorities are industrial capabilities considered critical to Defence and for which Australia must have access to, or control over, the skills, technology, intellectual property, financial resources and infrastructure that underpin those capabilities.

For more information visit the Australian Government Department of Industry, Innovation and Science website at <https://www.business.gov.au>